ANNUAL REPORT 2016

CONSUMER PROTECTION BC

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MESSAGE FROM THE BOARD CHAIR AND CEO

On the behalf of our Board of Directors, staff, and stakeholders, we are pleased to present Consumer Protection BC's 2016 Annual Report.

This year we completed a number of initiatives aimed at the continued fulfillment of our legislated mandate. Some of these highlights include:

- Working with new legislation for the debt collection, debt repayment, and home inspection sectors;
- Increasing the amount of information we share about our enforcement actions by publishing full reasons for decisions (starting in January 2017);
- Advancing our technology to better serve our stakeholders, including developing a new platform for online renewals, payments, and applications for business licensees; and
- Completing a multi-year research project designed to fully document British Columbia's current consumer protection landscape to ensure we're continuing to deliver quality services to consumers.

In addition to the foregoing, we are repositioning our approach to consumer education to inform those affected by unfair transactions that Consumer Protection BC is an important step on their path to a solution – an approach supported by a new multi-year marketing campaign.

We look forward to continuing our work within BC's ever-changing consumer protection landscape in 2017, proactively focusing our attention on areas of concern to consumers and working with stakeholders to develop and implement strategies to address those needs.

This annual report reviews the important achievements of our organization in 2016 – none of which could be possible without the ongoing support and direction of our Board of Directors, the continuous contributions of our stakeholders, and the specialized talents and dedication of our staff. We would like to extend sincere thanks to all of you for your commitment in helping us in the ongoing pursuit of our vision and mission, and we look forward to continuing to serve British Columbian consumers and businesses in the years ahead.

Douglas Enns
Board Chair

Rob Gialloreto
President and CEO

2016 YEAR AT A GLANCE

10,882 consumer calls and emails answered.

Consumers received $40,000 in restitution and an additional $42,000 was refunded to some 370 payday lending consumers.

Corporate website was viewed 1,194,322 times and Facebook and Twitter had 49,604 combined followers.

Completed 358 inspections and resolved 202 enforcement files.

67% of enforcement files were resolved through voluntary compliance by the business.

Resolved 29 consumer complaints against debt collection agencies through our online dispute resolution pilot program with 97% success.

1,787 general release movies and trailers were classified.

Launched internal concept development teams to examine perspectives on consumer trends, reputation management and online regulation, and a new approach to strategic investigations.

Expanded online services for licensees, leading to a 7% usage increase.

80% of surveyed licensees say the quality of our licensing processes (new and renewals) is good, very good or excellent.

Implemented major changes to the home inspector licensing regulation and introduced new rules for debt repayment agents as directed by government.

CORPORATE OVERVIEW

Who We Are

Consumer Protection BC is a team of dedicated and passionate people based in Victoria and Burnaby, who are responsible for regulating various industries and consumer transactions in the province of British Columbia (see infographic below).

Our purpose is to license and inspect regulated businesses, respond to consumer inquiries, investigate alleged violations of consumer protection laws, and educate consumers and businesses about their rights and responsibilities. Our vision is a province where all citizens of BC are empowered in their transactions as a result of rigorous and consistent business compliance and through the provision of solution-based information.

In the public interest and through the authority delegated by the Province of British Columbia, Consumer Protection BC is responsible for administering three Acts:

- *Business Practices and Consumer Protection Act* [SBC 2004]
- *Cremation, Interment and Funeral Services Act* [SBC 2004]
- *Motion Picture Act* [RSBC 1996]

We operate using a cost-recovery model and are financed primarily through licensing revenues of the industries we regulate.

What We Do

We deliver consumer protection services throughout British Columbia by:

- Educating consumers and businesses about their rights and responsibilities
- Responding to inquiries and complaints from BC consumers and businesses
- Licensing specific businesses and occupations
- Inspecting licensed businesses and occupations to ensure they are following BC's consumer protection laws
- Investigating alleged violations of consumer protection laws, then resolving issues through progressive enforcement
- Classifying all motion pictures exhibited in BC
- Overseeing all retail adult video products sold or rented to consumers through licensed establishments
- Providing recommendations to government regarding enhancements to consumer protection laws

For more information about what we do, visit our website at www.consumerprotectionbc.ca, follow us on Twitter (@ConsumerProBC) or like us on Facebook.

Board of Directors

Dennis Cote
Director
Human Resources & Compensation Committee Chair

Scott Edmonds
Director
(retired, January 2017)

Deborah Lovett
Director

Anar Popatia
Director

Douglas Enns
Chair of the Board of Directors
Finance & Audit Committee Chair

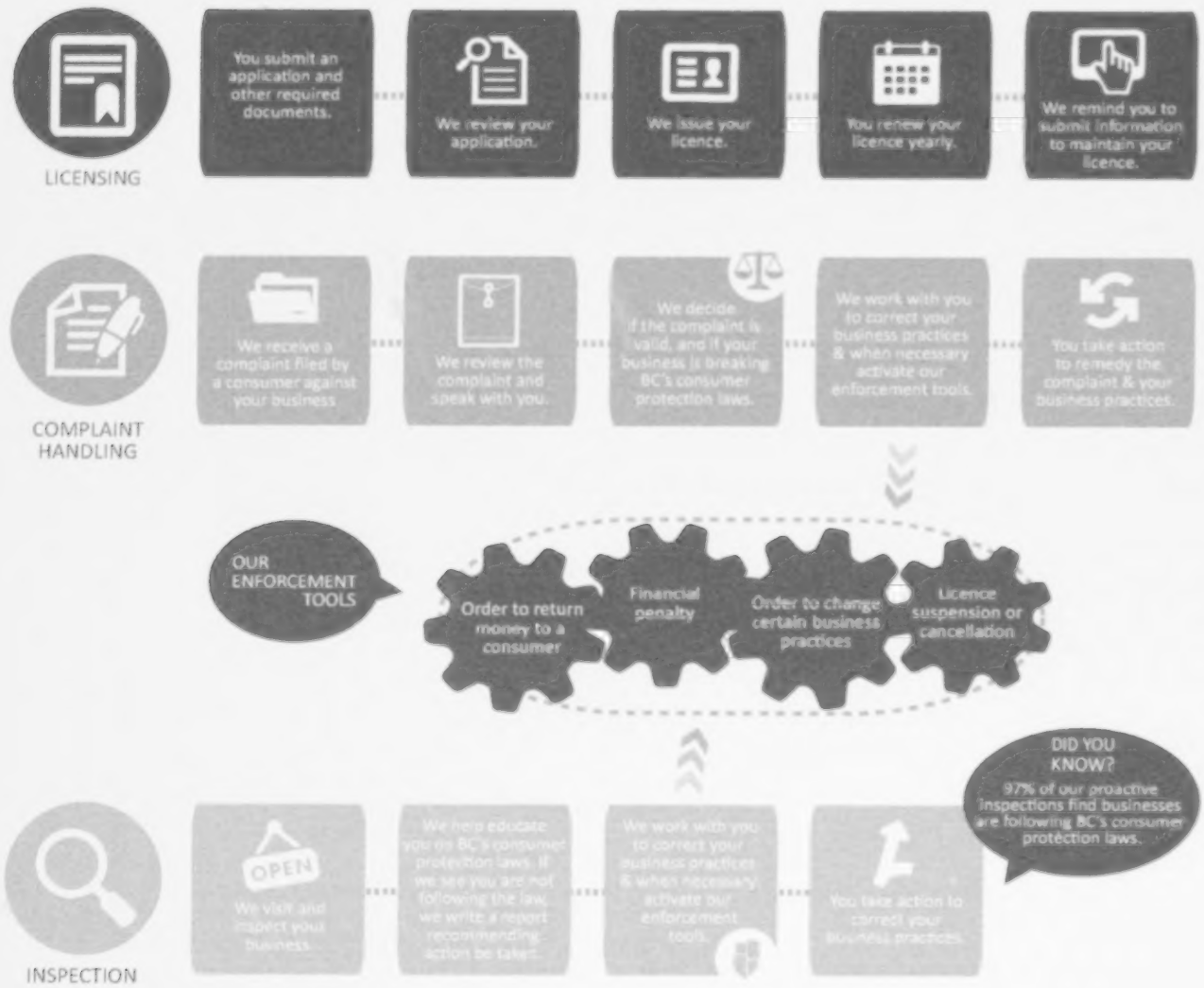
Julie Winram Jang
Director
Governance & Nominating Committee Chair

Paulette Parry
Director
(retired, September 2016)

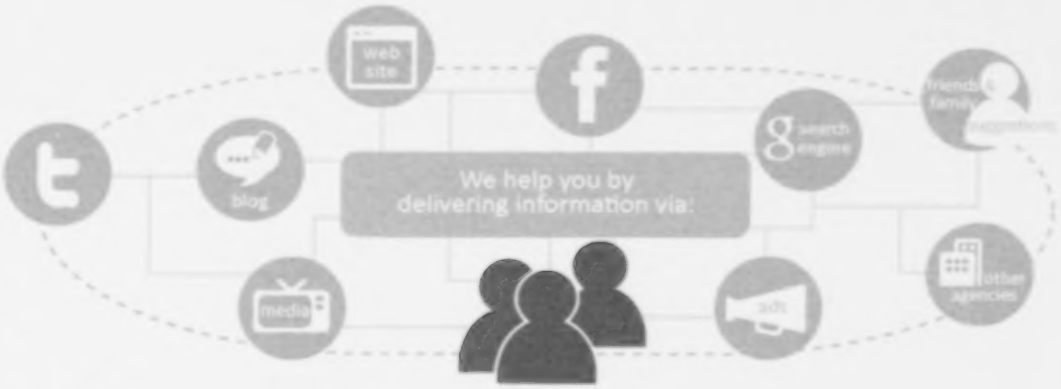
How We Do It

How we ensure businesses operate within BC's consumer protection laws and how we help consumers are described in the two following infographics.

HERE'S HOW | CONSUMER PROTECTION BC HELPS ENSURE REGULATED BUSINESSES OPERATE WITHIN THE LAW


LICENSING
You submit an application and other required documents.
We review your application.
We issue your licence.
You renew your licence yearly.
We remind you to submit information to maintain your licence.
COMPLAINT HANDLING
We receive a complaint filed by a consumer against your business.
We review the complaint and speak with you.
We decide if the complaint is valid, and if your business is breaking BC's consumer protection laws.
We work with you to correct your business practices & when necessary activate our enforcement tools.
You take action to remedy the complaint & your business practices.
OUR ENFORCEMENT TOOLS
Order to return money to a consumer
Financial penalty
Order to change certain business practices
Licence suspension or cancellation
INSPECTION
OPEN
We visit and inspect your business.
We help educate you on BC's consumer protection laws. If we see you are not following the law, we write a report recommending action be taken.
We work with you to correct your business practices & when necessary activate our enforcement tools.
You take action to correct your business practices.
DID YOU KNOW?
97% of our proactive inspections find businesses are following BC's consumer protection laws.

HERE'S HOW | CONSUMER PROTECTION BC HELPS CONSUMERS



Need Help? Contact Us!
Reasons why you contact us...
1.
Questions about:
Who we are, what we do & how we can help you
2.
Complaints:
We can be your first step towards a solution
We have the answers for you
OR
We have referrals for you
We can help you directly if it's one of the industries we regulate
OR
We can refer you to our 80+ partners who may be able to help you
Record your complaint & move to potential action
OR
Provide self-help tools

MAJOR INITIATIVES

Improving Online Services

Consumer Protection BC invested heavily in online services and information technology this year to handle business and consumer transactions faster and more efficiently.

We built a new online licensing platform called "MyAccount," which supports online renewals, payments, and applications for businesses licensed by Consumer Protection BC. Travel agents and wholesalers will be the first to access the new platform in 2017.

We started the development of a mobile app for Consumer Protection BC compliance inspectors to use in their field-based work. In 2017, this application will streamline inspections and give licensed businesses relevant and immediate compliance information.

We also began work on a new corporate website. We surveyed consumers and businesses licensed by Consumer Protection BC and used their feedback to help inform the design and navigation for the website, which is set to launch in late 2017.

Publishing Enforcement Decisions

In 2016, Consumer Protection BC committed to publish full written reasons for enforcement decisions. Commencing January 1, 2017, these decisions will be available on our website. We have always published a summary of enforcement decisions that includes the name of the business, the section of the law that was broken, and the penalty imposed. Publishing the full decisions rather than just a summary is consistent with our commitment to transparency and accountability, and serves as an important educational tool for businesses and consumers.

Understanding the Consumer Protection Landscape in BC

Consumer Protection BC is one of many entities with a consumer protection mandate, but the only one branded for general consumer protection. As a result, we receive many consumer inquiries on topics both inside and outside of our delegated authority. We always strive to deliver quality services to consumers that need our help, which includes providing quality referrals.

In 2016, we continued our multi-year research initiative seeking to inventory organizations that make up the province's consumer protection landscape. This research helps us connect consumers with the organizations that can help them most effectively. The report, *A Snapshot of British Columbia's Consumer Protection Landscape*, is expected to be published in 2017.

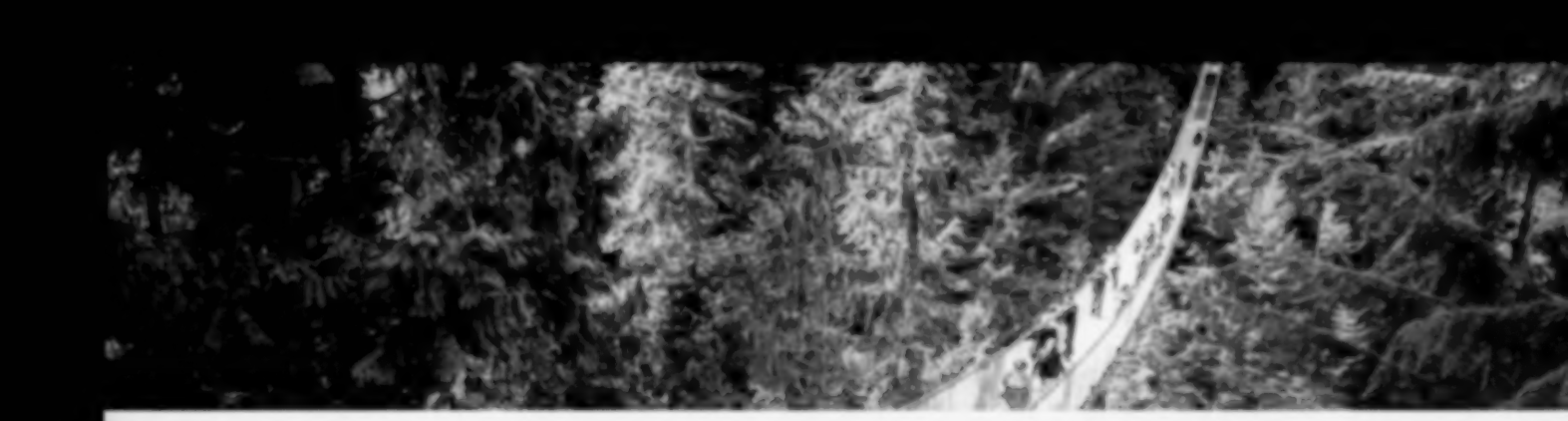
Consumer Awareness Marketing Campaign

In 2016, we shifted our marketing focus to raise public awareness about Consumer Protection BC's role as a solution provider for consumers who have been affected by an unfair transaction. The goal was to position our organization as an important step in a consumer's path to a solution.

We launched the "Something's Not Right" marketing campaign in the fall of 2016 in two communities: Victoria and Kamloops. The plan included online advertising, bus and bus shelter ads, radio spots, social media content and media relations efforts.

The campaign resulted in an increase in the number of consumer inquiries by 42% over the same period in 2015 (36% of those inquiries fell within our regulatory authority) and we received positive feedback from stakeholders.

We will continue to broaden the scope and reach of the campaign in 2017.



MEETING OUR STRATEGIC GOALS

Balanced Scorecard Approach

In 2016, we set a number of specific objectives to be met during the year. [1]

Using the Balanced Scorecard method, our scorecard includes financial measures, but also assesses Consumer Protection BC's capacity and processes to ensure we create future value and benefits for stakeholders.

01

STAKEHOLDER PERSPECTIVE

Build mutual trust and understanding of our key stakeholders

BALANCED SCORECARD

02

PROCESS PERSPECTIVE

Implement efficient and effective business processes for licensees and consumers

03

CAPACITY PERSPECTIVE

Develop corporate skills, knowledge, abilities, and systems

04

FINANCIAL PERSPECTIVE

Maintain sufficient liquid and capital assets to meet financial obligations

1. For more detailed information, consult our Strategic Business Plan 2016-2018.

Performance Assessment

A snapshot of our performance is presented below. We've used a "traffic light" assessment to show our progress: green dots for target achieved, yellow dots for partial achieved, and red dots for didn't achieve. For green and yellow dots, the report describes our key annual activities. For any red dots, the report provides an analysis as to why the target was missed.

1. Stakeholder Perspective
Build mutual trust and understanding of our key stakeholders

Stakeholder Measure 1: Administrative Agreement compliance

Description: Measures Consumer Protection BC's compliance with our Administration Agreement with government, which sets out our core functions and the terms and conditions under which we operate.

Baseline	Target	Actual	Assessment
100%	100%	100%	●

Key Activities:

- Confirmed administration agreement compliance at quarterly meetings with liaison staff from the Ministry of Public Safety and Solicitor General.
- Completed and reviewed an annual corporate risk assessment, which found no evidence of administration agreement non-compliance.

Stakeholder Measure 2: Overall rate of licensee compliance

Description: Measures a general level of compliance with laws and regulations administered by Consumer Protection BC.

Baseline	Target	Actual	Assessment
>90%	>90%	99%	●

Key Activities:

- 139 random inspections of licensed businesses established the general level of compliance at 99% (other inspections were based on a risk assessment for non-compliance or follow-up inspections).

Stakeholder Measure 3: Inquiries relating directly to businesses we regulate

Description: Measures the total number of consumer inquiries received each year, and the percentage of inquiries that fall within the overall scope of our regulatory authority.

Baseline	Target	Actual	Assessment
34%; 7,000 inquiries	40%; 8,000 inquiries	36%; 10,828 inquiries	●

Key Activities:

- Developed and launched the "Something's Not Right" marketing campaign designed to position Consumer Protection BC as a solution provider when consumers have experienced an unfair transaction.
- The campaign was successful in converting impressions to increased inquiries. However, further refinement is needed to increase the percentage of inquiries within our regulatory authority.

Stakeholder Measure 4: Consumer inquiries solved by self-help tools

Description: Measures the percentage of consumer solutions to unfair transactions resolved using self-help tools.

Baseline	Target	Actual	Assessment
75%	75%	72%	●

Key Activities:

- Piloted online dispute resolution with select agents in the debt collection sector.
- Complaint letters and templates were standardized for ease of consumer use.
- Target was not achieved for 2016. Strategic efforts will continue in 2017 to improve the quality and level of consumer use of self-help tools and achieve target.

Consumer Story: Jake's moving nightmare

Jake landed a new job in Calgary and had three weeks to pack up his life in Winnipeg. He started looking for a moving company, "being a millennial, the first place I looked was online," says Jake. He hired the company and arranged for his belongings to be delivered to Calgary.

The delivery date arrived and his belongings were nowhere to be seen. Something didn't feel right.

"I was panicking. I had already called them three or four times that day. Eventually I got the truth out of them – my stuff was in storage in Saskatoon," he says. Jake had to hire a different moving company to get his things from Saskatoon to Calgary, all while living out of a suitcase.

That's when he contacted Consumer Protection BC and an investigation began into the company's business practices. "I was resigned to the fact that nothing was going to happen," says Jake, "but as soon as [the inspector] got involved, he was in constant contact with me, letting me know about the next steps."

The investigation determined the moving company had engaged in deceptive business practices by taking Jake's money and not providing the contracted moving services or issuing a refund. "I encourage people to know their rights," says Jake, "I'm one of the lucky ones -- a lot of people have been in a situation like this and haven't gotten a single cent back."

2. Process Perspective
Implement efficient and effective business processes

Process Measure 1: Quality of licensing and compliance processes

Description: Measures the percentage of licensees who were satisfied with the quality of our licensing and compliance processes.

Baseline	Target	Actual	Assessment
70%	80%	85%	

Key Activities:

- Improved the efficiency of our licensing system to increase turnaround times and electronic document delivery.
- Completed and aggregated 223 licensing and 84 compliance surveys to establish the 85% quality result.

Process Measure 2: Quality of investigation and enforcement processes

Description: Measures the percentage of business compliance during an inspection after an investigation.[2]

Baseline	Target	Actual	Assessment
70%	75%	92%	

Key Activities:

- Implemented publication of full enforcement decisions effective January 1, 2017.
- 92% of the businesses that were re-inspected following the resolution of a complaint file were found to be operating in compliance.

Process Measure 3: Quality of consumer solutions provided

Description: Measures the percentage of consumers who were satisfied with the quality of solutions we provided within our regulatory authority.

Baseline	Target	Actual	Assessment
N/A	70%	66%	

Key Activities:

- The marketing campaign, began to position Consumer Protection BC as a path on the step to a solution for unfair consumer transactions.
- This target was not achieved for 2016. This is a newly established measure, so actual achievement will be used as a benchmark for future targets.

2. The methodology to measure ***P2. Quality of Investigations and Enforcement*** was changed in the fall of 2016 based on a lack of survey data. The newly implemented methodology is directly linked to a compliance result and not to the perception of the business based on a survey. The target for 2017 will be based on 2016 as a baseline and established accordingly in the 2017-2019 Strategic Business Plan.

Process Measure 4: Quality of consumer self-help tools used

Description: Measures the percentage of consumers who were satisfied with the quality of the self-help tools for issues that fell within our regulatory authority.

Baseline	Target	Actual	Assessment
N/A	90%	72%	●

Key Activities:

- More consumers were exposed to our self-help tools through the marketing campaign.
- This target was not achieved for 2016. This is a newly established measure, so actual achievement will be used as a benchmark for future targets.

Consumer Story: How Eddy was able to exercise his cancellation rights

It was time to get his chimney fixed so Eddy hired a masonry company to do the repairs. After quite a delay in getting any work done, the masonry company tried to convince Eddy he had a mould problem in his house and they could help.

Eddy had a background in the trades and knew there was no mould problem. This was a red flag for him so he decided to cancel the contract and get his deposit back. Something just didn't feel right. When the business owner stated all deposits were non-refundable, Eddy got nervous.

"I'm pushing 80," says Eddy, "and [the owner] was fighting me on this tooth and nail. At one point, I had to order him off my property." That's when Eddy decided to reach out to Consumer Protection BC to see if they could help.

It was determined the business didn't have all the required content in their contracts and Eddy was within his rights to cancel. Consumer Protection BC's involvement resulted in a full refund.

Eddy stresses the importance of practicing due diligence when hiring someone to do work on your house and to make sure you ask around about the company's reputation. "Normally I am very careful with these kinds of things," Eddy says. "But sometimes you get caught off guard. I'm thankful things turned out the way they did."

3. Capacity Perspective
Develop corporate skills, knowledge, and systems

Capacity Measure 1: Overall employee engagement

Description: Measures the percentage of employees at Consumer Protection BC who feel engaged at work and in the workplace.

Baseline	Target	Actual	Assessment
70%	75%	78%	

Key Activities:

- Enhanced the employee training and development program.
- Targeted efforts to better support supervisory quality and consistency.
- Achieved the designation as a Canadian ***Great Place to Work®***.

Capacity Measure 2: Overall management performance

Description: Measures management's overall performance in delivering on core functions, and achieving organizational growth or enhancements as outlined in the operational plan.

Baseline	Target	Actual	Assessment
90%	90%	90%	

Key Activities:

- Management Employee Performance & Development Plans outlined the key operational and strategic goals for the year.
- Employee Performance & Development Plan assessments were completed at year-end. All individual results were then aggregated to establish the 90% actual result.

Capacity Measure 3: Protect capacity as required

Description: Measures the percentage of employees who are satisfied they have the tools and resources they need to deliver consumer protection services to stakeholders.

Baseline	Target	Actual	Assessment
80%	80%	85%	

Key Activities:

- Continued technical enhancements to our internal case management system (IRIS), and completed system upgrades to Windows 10.
- Completed work area enhancements, including dual-monitor workstations.

Capacity Measure 4: Invest in capacity as required

Description: Measures the effect of our investment in capital on the efficiency of our licensing and inspection processes, as represented by the average number of business days our employees take to complete a transaction.

Baseline	Target	Actual	Assessment
10 days	10 days	9.3 days	

Key Activities:

- Completed technical modifications to our internal case management system (IRIS) that allowed for automatic capture of data related to open and close dates for licensing and inspection processes.
- Further enhancements to technology and business processes will be designed to lower the time to complete these processes.

Consumer Story: How John and Mary navigated a misleading contract

Mary lives in Kelowna with her son's in-home caregiver, John. John was approached by a door-to-door salesperson who was selling a new furnace with a 20-year lease.

John was not properly informed about the lease agreement and therefore did not fully understand his long-term payment plan, which was very expensive. This was when Mary stepped in to try to help John find a way out of the contract. "I was rattling around, trying to find a solution and I contacted Consumer Protection BC," says Mary.

Consumer Protection BC investigated and found the company had engaged in deceptive behaviour and misrepresented John's cancellation rights. When everything was resolved, John was able to keep the equipment that had been installed and paid a reasonable rate instead of the expensive 20-year lease.

"If John had been left alone in this, he would have become entangled in the process and gotten lost in it," says Mary. "Consumer Protection BC unraveled it for us – it was easy to get through the logistics of it all."

Mary hopes that her story inspires others to learn their rights as consumers when encountering a problem transaction and encourages people to put the time into finding a solution. "I wish people were more aware of where to go for help," she says.

4. Financial Perspective

Maintain sufficient liquid and capital assets to meet obligations

Financial Measure 1: Net revenue to support the financial plan

Description: This measure demonstrates that our budget provides sufficient net revenue to support the operation, capital, and strategic initiatives outlined the Strategic Business Plan. Annual net revenue is targeted to be less than 3% of total revenues.

Baseline	Target	Actual	Assessment
N/A	$54,500	$78,949	

Key Activities:

- Gross revenue for the 2016 fiscal year was $5,781,509.
- The amortization amount removed from preliminary net revenue to determine this actual amount was $173,588.[3]

Financial Measure 2: Real rate of return on all investments

Description: This measure is based on Board policy; it is the targeted aggregated rate of return to ensure the value of investments is maintained and dividend and interest revenue targets are met.

Baseline	Target	Actual	Assessment
1.5%	1.5%	3.6%[4]	

Key Activities:

- The Board of Directors established a clear, future-looking policy to ensure investment targets were clearly established based on our adopted risk appetite.

Financial Measure 3: Liquidity to support the financial plan

Description: Measures the liquidity needed to support the Strategic Business Plan and meet short-term financial obligations, as represented by a ratio of current assets divided by current liabilities.

Baseline	Target	Actual	Assessment
1.1 : 1	1.1 : 1	1.04 : 1	

3. This measure is calculated by removing from net revenue the amortization amount related to any Board of Director approved capital investment, for which payment is satisfied through the drawing-down of net assets.
4. The gross return on all investments for 2016 was 5.5%, from this the CPI-BC of 1.9% was deducted to determine the actual amount.

Key Activities:

- The amortization amount related to approved capital expenses was higher than anticipated, due to a delay in the capital projects from late 2015 to early 2016.
- This target was not achieved for 2016. The actual result does indicate that Consumer Protection BC can meet all financial commitments.

Financial Measure 4: Capital investment to support the financial plan

Description: Measures the capital expenditure to revenue ratio for investments supporting our strategic direction for the year and achievement of our outcome statements (regulatory excellence and consumer awareness). The mitigation of technological risk and the modernization of IT tools is also factored into this investment. [5]

Baseline	Target	Actual	Assessment
N/A	9.3%	10.1%	

Key Activities:

- Created a beta-version of the navigation and design elements for a new corporate website, which will be launched in 2017.
- Redeveloped (for official launch in 2017) the licensee business platform to improve quality & effectiveness of self-directed online business practices.

Consumer Story: A peaceful resolution for Chelsea and her yoga practice

Chelsea had paid for a lifetime membership with a yoga studio, unaware at the time that lifetime memberships aren't allowed in BC.

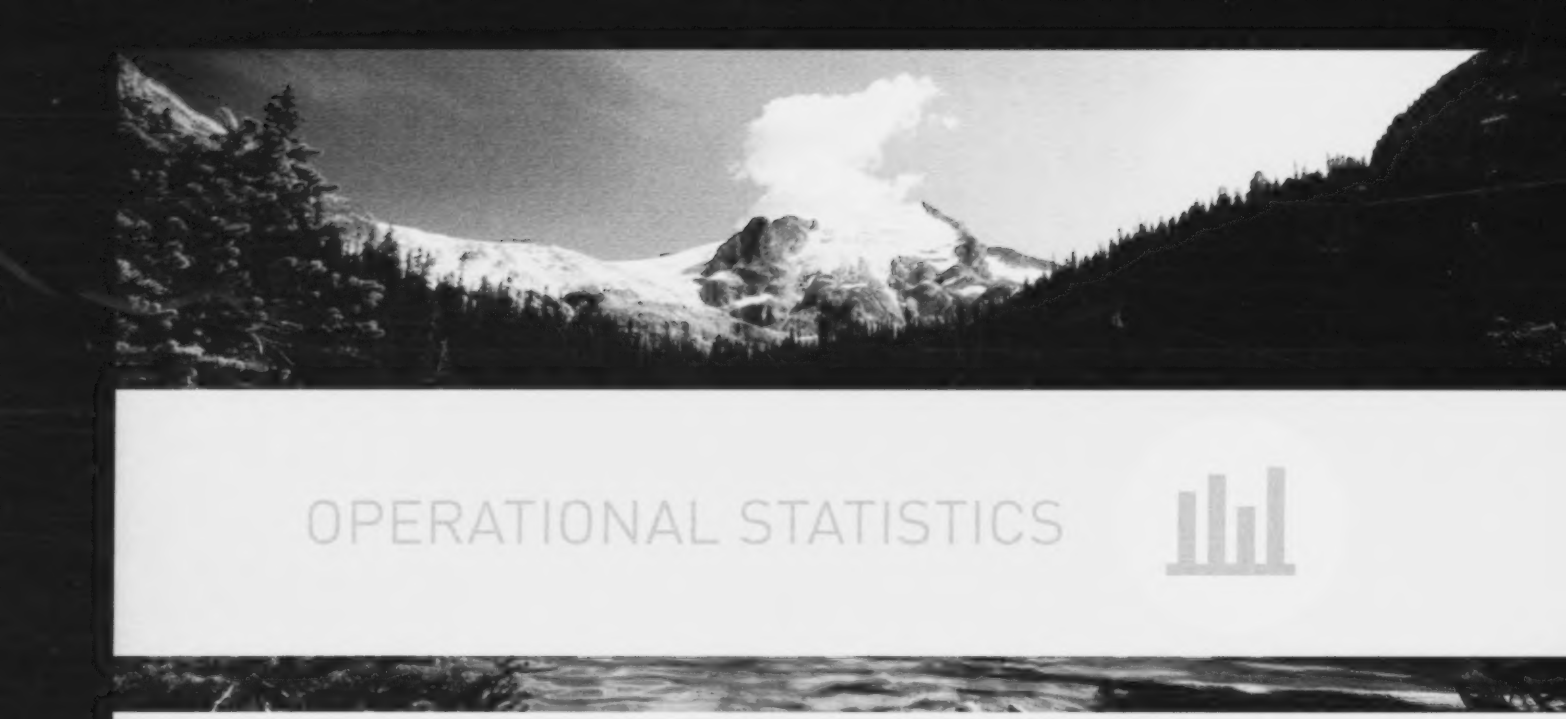
In less than a year, the yoga studio sold to a new owner who had no provisions in place for honouring the existing lifetime memberships.

"No one was taking responsibility," says Chelsea, "I thought I was out of luck." She had paid for a service that no one was willing to provide and was disappointed that her method of relaxation had turned into such a headache. "It was very frustrating and no one was acting very yoga-ish about it," says Chelsea, "I felt very taken advantage of."

Chelsea tried to cancel the contract, but the previous owner refused to provide a refund. Someone suggested that she call Consumer Protection BC for help. Consumer Protection BC approached the parties involved to try to resolve the matter, and the original yoga studio owner agreed to give Chelsea a $3,000 refund.

With the issue resolved, Chelsea could get back to her yoga practice without the stress of a contract dispute. She urges others to reach out to Consumer Protection BC if they aren't sure how to solve a problem transaction with a business.

5. This measure is calculated by dividing the total capital investment for the year by total revenue.



OPERATIONAL STATISTICS

The following is a three-year snapshot summarizing our consumer outreach, media relations, licensing, and regulatory operations statistics.

Number of Consumer Inquiries about Licensees:	2014	2015	2016
Cremation, Interment and Funeral Services	281	286	373
Debt Collection, Bailiffs and Debt Poolers / Repayment Agents	1,729	1,258	1,388
Home Inspectors [6]	70	82	387
Motion Picture Classification	45	41	91
Payday Loans	779	218	333
Telemarketing	86	59	60
Travel Agents and Travel Wholesalers	673	578	575
Total Number of Consumer Inquiries: [7]	**10,079**	**8,777**	**10,882**

Media Relations:	2014	2015	2016
Media Contacts	142	102	80
Interviews [8]	48	23	16
News Stories [9]	224	306	161

6. The Government of BC introduced amendments to the Home Inspector Licensing Regulation (HILR) in September of 2016. The introduction of new rules and requirements resulted in an increased volume of consumer inquiries to our inquiry centre in Q3 and Q4.
7. In 2014, we fielded an unusual number of calls from consumers related to the refund process with Cash Store Financial Services Inc., a licensed payday lender. Over the last several years, we have seen an overall decline in inquiries to our inquiry centre, but a steady increase in the number of unique visits to our website and questions coming through our social media channels – a trend we expect to continue as more consumers obtain their information online. The increase in inquiries in 2016 is attributed to the first year of Consumer Protection BC's marketing campaign which encouraged consumers to call or email with their questions about a recent transaction.
8. While the number of actual interviews have decreased since 2014, reporters were often provided with information to answer their questions when the topic fell within our mandate and they did not request an interview. This practice is reflected in the higher number of stories in that same year that mention our organization or the laws that we administer.
9. 2014 and 2015 saw a higher number of news stories over 2016 as some topics were covered by numerous media outlets. In 2014, trending news coverage included payday lending refunds (20), one travel agency suspension (20), and changes to the Home Inspector Licensing Regulation (25). In 2015, trending news coverage included cryonics (48) and two specific Consumer Protection BC enforcement actions (42).

Number of Licences by Industry:	2014	2015	2016
Cremation, Interment and Funeral Services	660	575	702
Debt Collection, Bailiffs and Debt Poolers / Repayment Agents [10]	4,689	4,410	4,324
Home Inspectors	488	426	538
Motion Picture and Video Retailers, Distributors and Theatres	2,305	1,581	1,443
Payday Lenders	281	244	208
Telemarketing	55	48	53
Travel Agents and Travel Wholesalers	1,255	1,243	1,232
Total Licences Issued:	**9,733**	**8,527**	**8,500**

Compliance Inspections:	2014	2015	2016
Cremation, Interment and Funeral Services	119	116	112
Debt Collection, Bailiffs and Debt Poolers / Repayment Agents	17	15	10
Home Inspectors	0	0	11
Motion Picture and Video Retailers, Distributors and Theatres	77	44	73
Payday Lenders	49	28	47
Telemarketing [11]	5	3	0
Travel Agents and Travel Wholesalers	198	131	106
Total Compliance Inspections:	**465**	**327**	**358**

Enforcement Files Concluded:	2014	2015	2016
Cremation, Interment and Funeral Services	30	26	27
Debt Collection, Bailiffs and Debt Poolers / Repayment Agents	63	54	21
Home Inspectors	9	5	14
Motion Picture and Video Retailers, Distributors and Theatres	56	34	27
Payday Lenders	14	15	22
Telemarketing	5	16	8
Travel Agents and Travel Wholesalers	74	56	27
Non-regulated Industries	42	122	56
Total Enforcement Files Concluded:	**293**	**337**	**202**

Assets, Recoveries, and Restitution:	2014	2015	2016
Assets Frozen Under Order	$6,383	$0	$12,396
Costs Recovered [12]	$2,297	$3,090	$50,830
Restitution	$41,440	$44,918	$39,840

10. Effective April 1, 2016, BC's debt collection law was amended to reflect the present-day collection and credit industry and align with other Canadian jurisdictions. One of the most significant changes was with regards to the industries of debt pooling (which was previously licensed and regulated) and debt settlement (which was not previously licensed and regulated). Under the new rules, both business types are now licensed and collectively referred to as "debt repayment agents" and are obligated to follow the same law.
11. Generally, compliance inspections are categorized as risk, random and follow-up. In 2016, telemarketers were not placed into any of these standard categories for reasons due to the small number of BC-based telemarketers and the low risk results identified in previous years. Instead a complaint-based approach was taken, resulting in two inspections performed.
12. The increase in costs recovered is largely attributed to investigation costs provided by Budget Rent-A-Car ($40,000) and payday lender Cashco PDL ($5,000 in 2016).

FINANCIAL REVIEW

Financial Review

As a result of operations, Consumer Protection BC generated a deficit of $94,864 compared to a budgeted deficit of $127,227. As planned in the budget, significant capital investments in information systems were made in 2015 and 2016. These resulted in $173,588 in amortization costs in 2016 and contributed to the overall annual deficit and decreased net assets created for capital expenditures.

Revenue and Expenses

Consumer Protection BC earned $5.78 million in revenues in 2016, compared to $5.72 million in 2015. The increase in revenues primarily reflects changes in market value of the investments held by Consumer Protection BC and increases in recoveries for investigations and enforcement. Expenses were $5.88 million in 2016, compared to $5.34 million in 2015. Increases experienced in wage and benefit costs were due to a higher staffing compliment as planned in the 2016 budget.

Change in Net Assets

As a result of the deficit in 2016, the net asset balance decreased to $3.68 million at December 31, 2016. Net assets are used to create a reserve for future capital and operating expenditures. Consumer Protection BC continues to meet its goal of maintaining a three to four-month operating reserve which will enable us to continue to provide consumer protection services during unforeseen events. Our complete audited financial statements are available in the Publications section of Consumer Protection BC's website.

APPENDIX A:
THE TRAVEL ASSURANCE FUND

Administered by Consumer Protection BC, the Travel Assurance Fund is a fund of last resort that provides possible compensation in the event a consumer paid for (but was not provided with) travel services purchased through a BC-licensed travel agent or wholesaler. Over the past 10 years, over 1,000 travellers have been refunded more than $1 million through the Travel Assurance Fund.

In 2016, Golden Travel Ltd. suddenly ceased operations and Consumer Protection BC received 36 claims against the Travel Assurance Fund. These claims will continue to be reviewed and processed into 2017.

Skyline Tours Ltd., which ceased operations in 2015, had six Travel Assurance Fund claims carried over into 2016. Three of these claims were approved in 2016. Air World Tour and Travel ceased operations in 2015 and one claim was carried over to 2016. This claim was approved in 2016.

Travel Assurance Fund Claims:	
Claims carried forward from 2015	7
Claims received in 2016	33
Reconsiderations received	1
Claims denied/closed:	6
Claims approved	4
Claims carried forward to 2017	31
Total number of consumers impacted by approved claims	19
Amount paid out for approved claims	$13,359

Travel Assurance Fund Statement:	
Fund balance as of January 1, 2016	$5,284,601
Fund income	$451,842
Payments and expenses from the Travel Assurance Fund	$152,667
Fund balance as of December 31, 2016	$5,583,776

APPENDIX B: ADMINISTRATION OF THE *MOTION PICTURE ACT*

Consumer Protection BC has administered the *Motion Picture Act* (MPA) since 2007. Our responsibilities include motion picture classification, licensing, consumer education, and compliance and enforcement services.

Our Administrative Agreement with government requires us to report on the following performance objectives:

- Response time in undertaking the powers, duties, and functions of the director under the MPA
- Public satisfaction in public information provided by Consumer Protection BC
- The percentage of licensees under the MPA that are in compliance with the MPA
- Frequency of fee increases
- Fees charged to perform the powers, duties, or functions of the Director required under the MPA compared with costs of delivering the same powers, duties, or functions
- Administration costs as they relate to program costs

2016 Highlights

- Our motion picture classification department viewed 1,787 general release exhibition trailers and motion pictures and classified nearly 250 features for the province of Saskatchewan.
- We reviewed almost 70,000 minutes of feature film submitted by licensed distributors, an increase of 3% over 2015.
- Our compliance team seized 9,200 adult videos that were either unapproved or that did not have a certificate of approval, preventing these videos from entering the marketplace.
- Our Director of Motion Picture Classification was invited to speak at the European Film Classification Conference in Ireland, focusing on the classification system in BC, our multi-sector responsibilities, and our cost-recovery model. There were approximately 100 attendees representing film classification programs in the United States, Ireland, Finland, Germany, England, Singapore, Netherlands, Denmark, Luxembourg, Switzerland, Sweden, and Norway.

Service to our Stakeholders

We continued to provide comprehensive and timely motion picture classification information on our website (www.filmratingsbc.ca) and on social media through our corporate Twitter and Facebook accounts.

Motion Picture Classification:	2014	2015	2016
General release exhibition trailers & motion pictures viewed	1,655	1,884	1,787
General release exhibition trailers & motion pictures additional approvals	41,004	49,383	44,560

In October 2016, we presented at the BC Movie Theatre Association's Annual General Meeting. Attendees included approximately 50 theatre managers from all over British Columbia. We provided information and answered questions about the legislation, the classification process, and our policies and procedures.

Public Satisfaction

Immediately after we review a feature and trailer submission, we publish our classification decisions on our website and on Twitter. This information helps consumers and their families make informed viewing choices. In 2016, we published 1,333 classification decisions.

In 2016, the number of visits to our Recent Films and Classification Search pages increased by 23% to 133,123 views. More consumers are accessing our information via social media. Our most popular Tweet in 2016 received 8,575 impressions, an 800% increase over 2015. These increases suggest there is significant public interest in our work and in our continued delivery of reliable, comprehensive, and timely information.

Twenty-one consumers contacted our Motion Picture Classification department with questions about the motion picture legislation, our business practices, and classification decisions. We did not receive any complaints about the comprehensiveness or timeliness of the information we provided to the public.

We will continue to look for ways to educate consumers and grow the reach of our motion picture classification content on social media.

Response Time:	2014	2015	2016
Processing adult video	3 days	2 days	N/A
Posting classification decisions	1 day	Same Day	Same Day
Processing video decal orders	2 days	1 day	1 day
Processing inspection reports	12 days	12 days	2 days

Financials

Classification fees were unchanged in 2016.

Fees charged to perform the powers, duties, or functions of the Director required under the MPA compared with costs of delivering the same powers, duties, or functions

Up to the end of 2016, Consumer Protection BC is authorized to set fees subject to Ministerial approval. As of January 1, 2017, we will have the authority to set fees consistent with our other sectors and with new rules under the MPA. We operate on a cost-recovery basis when we provide services to motion picture distributors, retailers, and theatres regulated by the MPA. Our fee schedule is publicly available at www.filmratingsbc.ca.

Fee Waivers

Under our current policy, we waive review fees for films submitted by registered BC societies and registered federal charities. We perform this work in the public interest. In 2016, we classified 441 theatrical films for these groups.

Adult Market

In 2016, we received no new adult video submissions from distributors; however, we processed 23,250 decal orders for copies of already approved adult DVDs, a 17% increase over 2015.

In 2016, we licensed 72 adult retailers, which is unchanged from the previous year.

Adult Video Classification:	2014	2015	2016
Adult videos reviewed	177	70	0 [13]
Adult video decals issued	72,160	19,824	23,250

Administration and Program Costs

Consumer Protection BC operates on a cost-recovery basis. This means the classification and licensing fees we assess must cover our direct (program) and indirect (administration) costs. Our costing model is approved by our Board of Directors and our financial statements are reviewed by independent auditors annually. The costing model separates the MPA direct and indirect costs by service functions that include: licensing, compliance and enforcement services, helping consumers, classifying films, and public policy and industry relations.

Costs related to regulating the motion picture industry totaled approximately 28.0% of Consumer Protection BC's annual expenditure in 2016. Overall, costs for regulating the motion picture industry in BC totaled $1.6 million in 2016.

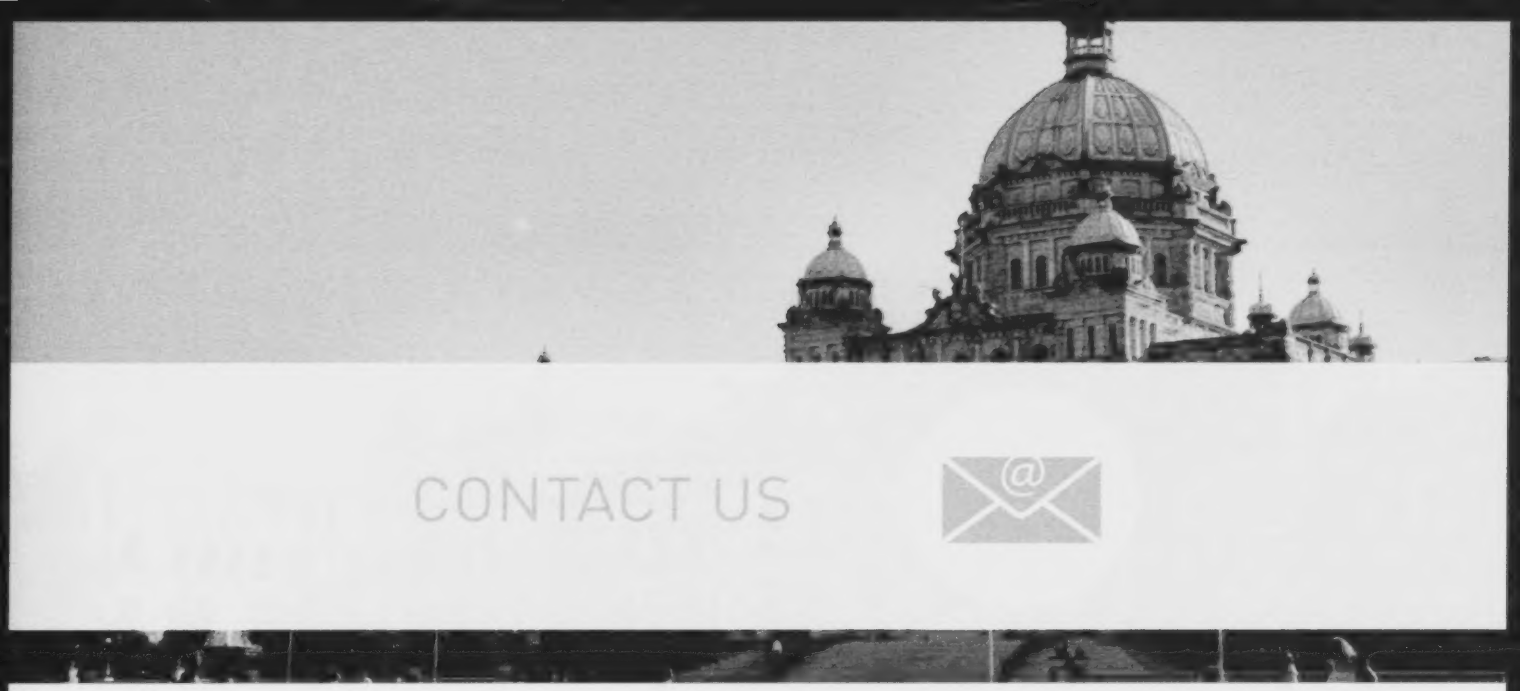
Number of Inspections:	2014	2015	2016
Video retailers	62	29	57
Theatres	12	15	14
Motion picture distributors	3	0	2
Total Inspections:	77	44	73

13. 2016 was the first year Consumer Protection BC did not receive any new adult videos for review and approval. While previously approved titles continued to be sold, and thus resulted in decals issued, the pressure in the industry from online sources and some non-compliant activity resulted in no new titles being approved in 2016 for distribution.

Inspection Outcomes:	2014	2015	2016
Video retailers			
No action required	11	2	34
Remedial action required	0	0	6
Follow-up required	47	22	6
Report to Director	4	5	11
Theatres			
No action required	5	7	5
Remedial action required	4	1	3
Follow-up required	2	6	6
Report to Director	1	1	0
Motion picture distributors			
No action required	2	0	1
Remedial action required	1	0	0
Follow-up required	0	0	0
Report to Director	0	0	1
Total Acceptable:	23 (30%)	11 (25%)[14]	49 (67%)
Total Unacceptable:	54 (70%)	34 (77%)	24 (33%)

Case Outcomes:	2014	2015	2016
Video retailers			
Favourable	45	25	14
Unfavourable	6	1	7
No outcome	1	1	0
Theatres			
Favourable	2	1	3
Unfavourable	0	0	0
No outcome	2	3	0
Motion picture distributors			
Favourable	0	2	2
Unfavourable	0	0	1
No outcome	0	1	0
Total Case Outcomes:	56	34	27
Total Favourable:	47 (81%)	28 (82%)	19 (70%)
Total Unacceptable:	6 (11%)	1 (3%)	8 (30%)

14. Please note the 2015 aggregate statistics for the total acceptable and total unacceptable were accidentally reversed and therefore, misreported in the 2015 annual report.



CONTACT US

Mailing Address:
Consumer Protection BC
PO BOX 9244
Victoria, BC, V8W9J2

Licensing and Information Services:
Toll-Free: 1-888-564-9963
Fax: 250-920-7181
Consumers: info@consumerprotectionbc.ca
Businesses: operations@consumerprotectionbc.ca

Motion Picture Classification:
Toll-Free: 1-888-564-9963
Fax: 604-320-1655
Email: classadmin@consumerprotectionbc.ca

Online:
Corporate Website: www.consumerprotectionbc.ca
Blog: www.consumerprotectionbc.ca/blog
Facebook: www.facebook.com/ConsumerProtectionBC
Twitter: @ConsumerProBC

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